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of this title, and if an office of the Internal Revenue Service requests the taxpayer to provide the additional information, the taxpayer shall furnish the additional information in a statement filed with that office of the Internal Revenue Service within 60 days after the date on which the request is made. This statement shall also—

- (1) Contain the name, address, and taxpayer identification number of each party identified in connection with the election, consent, or refusal,
- (2) Identify the election, consent, or refusal by reference to the section of the Code or Act under which the election, consent, or refusal was made, and
- (3) Specify the scope of the election, consent, or refusal.
- If the additional information is not provided within 60 days after the date on which the request is made, the election, consent, or refusal may, at the discretion of the Commissioner, be held invalid.
- (b) State law incorporator. For purposes of any election, consent, or refusal provided in part 18 of this title, any person who is considered to be a shareholder for state law purposes solely by virtue of his or her status as an incorporator shall not be treated as a shareholder.

PART 19—TEMPORARY REGULA-TIONS UNDER THE REVENUE ACT OF 1964

AUTHORITY: 26 U.S.C. 7805.

§ 19.3-1 Interest on certain deferred payments; interest rate for use in determining whether there is total unstated interest under a contract.

(a) In general. Section 224(a) of the Revenue Act of 1964 adds a new section 483 to the Internal Revenue Code of 1954. Section 483(a) provides, generally, that in the case of any contract for the sale or exchange of property (which is a capital asset or section 1231 property) there shall be treated as interest that part of a payment to which section 483 applies which bears the same ratio to the amount of such payment as the total unstated interest under such contract bears to the total of the payments to which such section applies

which are due under the contract. Section 483(b) defines the term "total unstated interest", with respect to a contract for the sale or exchange of property, as an amount equal to the excess of—

- (1) The sum of the payments to which section 483 applies which are due under the contract, over
- (2) The sum of the present values of such payments and the present values of any interest payments due under the contract.

Section 483(b) further provides that, for purposes of section 483(b)(2), the present value of a payment shall be determined, as of the date of the sale or exchange, by discounting such payment at the rate, and in the manner, provided in regulations prescribed by the Secretary or his delegate, and that such regulations shall provide for discounting on the basis of 6-month brackets and shall provide that the present value of any interest payment due not more than 6 months after the date of the sale or exchange is an amount equal to 100 percent of such payment. Section 483(c) provides that, except as provided in section 483(f) (relating to exceptions and limitations), section 483 shall apply to any payment on account of the sale or exchange of property which constitutes part or all of the sales price and which is due more than 6 months after the date of such sale or exchange under a contract under which some or all of the payments are due more than one year after the date of such sale or exchange, and under which, using a rate provided by regulations (for purposes of section 483(c)(1)(B)), there is total unstated interest. Section 483(c) further provides that any rate prescribed for determining whether there is total unstated interest for purposes of section 483(c)(1)(B) shall be at least one percentage point lower than the rate prescribed for purposes of section 483(b)(2).

(b) Rate of interest and table of present values for purposes of section 483(c)(1)(B). For purposes of determining under section 483(c)(1)(B) whether there is total unstated interest under a contract (other than a contract of sale or exchange under which the purchaser is the United States, a State, or any other purchaser described in section

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103) which provides for the payment of some interest, a rate of 4 percent per annum simple interest shall be used. As an illustration of the meaning of simple interest, if a contract provides for payments of \$6,000 in 3 equal installments of \$2,000 plus 4 percent per annum simple interest, such installments of principal and interest being due 1, 2, and 3 years, respectively, from the date of the sale, the amount of interest due with the first installment is \$80 ($$2,000\times0.04\times1$), the amount of interest due with the second installment is \$160 (\$2,000×0.04×2), and the amount of interest due with the third installment is \$240 (\$2,000×0.04×3). Section 483 shall not apply if the interest payments specified in a contract are at a rate of at least 4 percent per annum, whether simple or compounded. In all other cases, for purposes of determining, under section 483(c)(1)(B), whether there is total unstated interest, under a contract (not involving a purchaser described in section 103), the following table, which provides for discounting payments at a 4 percent per annum simple interest rate, shall be used for computing the present value of a payment to which section 483 applies which is due under the contract, and the present value of any interest payment due under the contract:

PRESENT VALUE OF DEFERRED PAYMENT (4 PERCENT PER ANNUM SIMPLE INTEREST)

		,	521	027	.40077
Number of me	onths deferred	Present value of \$1 at	327	333	.47619
***	5	4% simple interest	333	339	.47170
At least	But less than	170 cimple interest	339	345	.46729
	_	4 00000	345	351	.46296
0	6	1.00000	351	357	.45872
6	9	.98039			
9	15	.96154	357	363	.45455
15	21	.94340	363	369	.45045
21	27	.92593	369	375	.44643
27	33	.90909	375	381	.44248
33	39	.89286	381	387	.43860
39	45	.87719			
45	51	.86207	387	393	.43478
51 51	57	.84746	393	399	.43103
31	37	.04740	399	405	.42735
57	63	.83333	405	411	.42373
63	69	.81967	411	417	.42017
69	75	.80645			
75	81	.79365	417	423	.41667
81	87	.78125	423	429	.41322
01		.70120	429	435	.40984
87	93	.76923	435	441	.40650
93	99	.75758	441	447	.40323
99	105	.74627			
105	111	.73529	447	453	.40000
111	117	.72464	453	459	.39683
• • • • • • • • • • • • • • • • • • • •]		459	465	.39370
117	123	.71429	465	471	.39063

PRESENT VALUE OF DEFERRED PAYMENT (4

PERCENT PER ANNUM SIMPLE INTEREST)— Continued Number of months deferred					
At least	But less than	Present value of \$1 at 4% simple interest			
123	129	.70423			
129	135	.69444			
135	141	.68493			
141	147	.67568			
147	153	.66667			
153	159	.65789			
159	165	.64935			
165	171	.64103			
171	177	.63291			
177	183	.62500			
183	189	.61728			
189	195	.60976			
195	201	.60241			
201	207	.59524			
207	213	.58824			
213	219	.58140			
219	225	.57471			
225	231	.56818			
231	237	.56180			
237	243	.55556			
243	249	.54945			
249	255	.54348			
255	261	.53763			
261	267	.53191			
267	273	.52632			
273	279	.52083			
279	285	.51546			
285	291	.51020			
291	297	.50505			
297	303	.50000			
303	309	.49505			
309	315	.49020			
315	321	.48544			
321	327	.48077			
327	333	.47619			
333	339	.47170			
339	345	.46729			
345	351	.46296			
351	357	.45872			
357	363	.45455			
363	369	.45045			
369	375	.44643			
375	381	.44248			
381	387	.43860			
387	393	.43478			
393	399	.43103			
399	405	.42735			
405	411	.42373			
411	417	.42017			

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PRESENT VALUE OF DEFERRED PAYMENT (4

§ 19.3-1

PERCENT PER ANNUM SIMPLE INTEREST)-Continued

At least But less than 4% simple interest 471 477 .38760 477 483 .38462 483 489 .38168 489 495 .37879 495 501 .37594 501 507 .37313 507 513 .37037 513 519 .36765 519 525 .36496 525 531 .36232 531 537 .343 543 549 .35461 549 555 .35211 555 561 .34965 561 567 .34722 567 573 .34483 579 585 .34014 585 591 .33784 591 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32895 615 6	Number of mo	onths deferred	Present value of \$1 at	
477 483 .38462 483 489 .38168 489 495 .37879 495 501 .37594 501 507 .37313 507 513 .37037 513 519 .36765 519 525 .36496 525 531 .36632 531 537 543 .35714 543 549 .35461 549 555 .33211 557 561 .34965 561 567 573 .34483 573 579 .34247 579 585 .34014 585 591 .33784 591 597 603 .3333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 .567 .31447	At least	But less than	4% simple interest	
483 489 .38168 489 495 .37879 495 501 .37594 501 507 .37313 507 513 .37037 513 519 .36765 519 525 .36496 525 531 .36232 531 537 .543 .35714 543 549 .3551 543 .35714 .349 .3541 549 .555 .35211 .3573 .34965 561 .567 .34722 .34722 .34722 567 573 .34483 .373 .3784 579 .3857 .34014 .3885 .991 .33784 591 .597 .603 .33333 .603 .609 .33113 609 .615 .621 .32860 .32860 621 .627 .32468 .31847 645 .621 .32680 .3225	471	477	.38760	
489 495 .37879 495 501 .37594 501 507 .37313 507 513 .37037 513 519 .36765 519 525 .36496 525 531 .36232 531 537 .35971 537 543 .35714 543 549 .35461 549 .35461 549 549 .35461 549 555 .36211 555 561 .567 .34722 567 573 .34483 573 .579 .34247 579 585 .34014 585 .591 .33784 591 .597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 621 628 .				
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507 513 .37037 513 519 .36765 519 525 .36496 525 531 .36232 531 537 .35971 537 543 .35714 543 549 .35461 549 .35461 .34965 561 .34965 .3611 567 573 .34483 573 579 .34247 579 585 .34014 585 591 .33784 591 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 .657 .31447 657 .663 <t< td=""><td></td><td></td><td></td></t<>				
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549 555 .35211 555 561 .34965 561 567 .34722 567 573 .34483 579 585 .34014 585 591 .33784 591 597 .33557 597 603 .33133 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	537	543	.35714	
555 561 .34965 561 567 .34722 567 573 .34483 573 579 .34247 579 585 .34014 585 591 .33784 591 597 .33557 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 622 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 .657 .31447 657 663 .31250				
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567 573 .34483 573 579 .34247 579 585 .34014 585 591 .33784 591 597 .33557 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	555	561	.34965	
573 579 .34247 579 585 .34014 585 591 .33784 591 597 .33557 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 622 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	561	567	.34722	
579 585 .34014 585 591 .33784 591 597 .33557 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 622 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	567	573	.34483	
585 591 .33784 591 597 .33557 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	573	579	.34247	
591 597 .33557 597 603 .33333 603 609 .33113 609 615 .32895 615 621 .32680 621 627 .32468 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250			.34014	
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603 609 33113 609 615 32895 615 621 32680 621 627 32468 627 633 32258 633 639 32051 639 645 31847 645 651 31646 651 657 31447	591	597	.33557	
609 615 .32895 615 621 .32680 621 627 .32468 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	597	603	.33333	
615 621 32680 627 633 32468 627 633 32258 633 639 32051 639 645 31847 645 651 31646 651 657 31447 657 663 31250	603	609	.33113	
621 627 .32468 627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	609	615	.32895	
627 633 .32258 633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	615	621	.32680	
633 639 .32051 639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	621	627	.32468	
639 645 .31847 645 651 .31646 651 657 .31447 657 663 .31250	627	633	.32258	
645 651 .31646 657 .31447 657 663 .31250	633	639	.32051	
651 657 .31447 657 663 .31250	639	645	.31847	
657 663 .31250	645	651	.31646	
	651	657	.31447	
	657	663	.31250	
669 .31056	663	669	.31056	

PRESENT VALUE OF DEFERRED PAYMENT (4 PERCENT PER ANNUM SIMPLE INTEREST)-Continued

Number of mo	onths deferred	Present value of \$1 at	
At least	But less than	4% simple interest	
669	675	.30864	
675	681	.30675	
681	687	.30488	
687	693	.30303	
693	699	.30120	
699	705	.29940	
705	711	.29762	
711	717	.29586	
717	723	.29412	

To compute the present value of a payment, multiply the amount of the payment by the factor contained in the present value column for the appropriate number of months the payment is deferred. For example, the present value of an installment payment of \$5,000 due 2 years (24 months) from the date of the sale would be \$4,629.65 $(\$5,000\times0.92593).$

(c) Effective date. The provisions of section 483 and these temporary regulations shall apply to payments made after December 31, 1963, on account of sales or exchanges of property occurring after June 30, 1963, other than any sale or exchange made pursuant to a binding written contract (including an irrevocable written option) entered into before July 1, 1963.

[T.D. 6720, 29 FR 4882, Apr. 7, 1964]